

CHAPTER 6

SHIP'S STORE OPERATIONS

As a senior Ship's Serviceman, you will have ever-increasing responsibilities for the supervision of the retail store, vending machine, and fountain or snack bar operations. In each of the following sections, the principal factors with which you, as a supervisor, should be concerned are discussed.

SALESROOM SUPERVISION

As a supervisor of the retail store operation, you will be concerned with selecting an effective store operator and improving the relationship between the operator and the customers. You will have the responsibility for improving the appearance of your ship's store through effective visual merchandising (displays and signs). Finally, you will be an assistant to the ship's store officer in maintaining strict financial control of the store operation.

THE STORE OPERATOR

As a senior Ship's Serviceman in the sales division, you will be responsible for assisting the ship's store officer in selecting a ship's store operator. Also, you will have a continuing responsibility for training the store operator. You must train the store operator to operate the retail activity according to proper procedures. You must also convince the store operator of the importance of good customer service.

Selection

The most important problem you will face initially is the selection of suitable and capable retail store operators. Based upon fleet experience, the best policy you can follow is to make certain the operator of a retail activity is rotated at least every two accounting periods. In fact, some type commanders make this a requirement. After 8 months' experience in the store, a retail store

operator will usually have a good knowledge of the retail operation and the associated controls and records. Some individuals will be affected by this knowledge to the extent that they may try to beat the system. They may use various methods that they hope will result in the undiscovered theft of money and/or materials. Leaving one operator in the store indefinitely also invites collusion between the operator and the recordskeeper as these two people become used to working with one another.

Selection of the proper person as store operator greatly reduces the chance of financial loss in the store. To this end, there are some points that you should keep in mind when you are making your recommendation to the ship's store officer. The person you select should be honest, dependable, and free of excessive financial worries. While a retail store operator does not have to be a genius, this person should at least be able to perform simple addition and make change with accuracy.

Selection of the proper person can also have a great effect on sales and customer satisfaction. The operator's personality should be basically pleasant, or at least inoffensive and consistent. It is not necessary that the operator be a friend to everyone aboard ship or even be known to them. In many cases, it is better to have an operator who is somewhat unknown as this will eliminate a great deal of conversation time in the sales line and reduce special favor requests. In terms of personal habits, the store operator should be clean and neat. The person selected should also be willing and able to learn and apply some of the principles of salesmanship and visual merchandising.

To find such an individual aboard ship is sometimes difficult. You should try, however, to recommend a person who shows as many of these qualities as possible. Many qualities, such as honesty, are not readily apparent. This is where your ability as a leader and judge of your people will come into play.

Customer Service

Once a store operator has been selected, you will have a continuing responsibility for improving customer service—the relationship between the store operator and the customers. The success of a ship's store in meeting its purpose and objectives is dependent to a great degree on the face-to-face relationships between the store operator and the customers. Desirable merchandise and attractive displays are important; however, customer satisfaction can be assured only by a conscientious, responsive store operator. You, as a supervisor, must impress upon your operator just how important a retail store operator's job is to the general morale of shipboard personnel.

The first thing that a customer notices and uses in forming an impression of a retail store operator is the operator's personal appearance. (The appearance of the store itself will be discussed later). It is important for the store operator to project a correct and neat personal appearance. A ship's store operator who wears a Navy uniform proudly and takes pride in personal appearance is indicating to the customer that this operator has pride in the job. Thus, you should try to instill this pride in the store operator by personal example and constructive criticism.

The second thing that is important to customer service is the attitude of the store operator toward the job and the customers. In most cases, the store operator's billet is strongly desired by Ship's Servicemen in the division. So, a poor attitude toward the job will usually not be a problem. However, as a leading Ship's Serviceman, you should encourage the store operator to do more than just an adequate job. You should persuade the operator to continue to improve the store by working on visual merchandising and to pass along requests of the crew.

You will discover that most problems occur in the area of the store operator's attitude toward the customer. Too often, the operator may be smug and conceited with the job or the busy schedule. You should inform the operator that such an attitude only shows lack of concern for the customer. Displaying a negative attitude and using offensive language undermines the customer's confidence in the store operator's ability to be of assistance.

Also, you should encourage the store operator to be responsive to the customer's needs even though the needs may at times appear to be unimportant. For example, a customer may consider a question about the possibility of returning a

newly purchased watch for a refund to be important because the customer has saved up the money to pay for it and now the watch doesn't work. The operator should not ridicule such a request by saying, "Everybody knows all sales are final!" The customer obviously thought the problem was important enough to bring it to the attention of the operator. A courteous explanation of how the customer might be able to exchange the watch should be offered.

In summary, you should encourage the store operator to be as responsive and helpful to the customer as the operator would personally desire to be treated. A more detailed discussion of the importance of effective customer services is presented in the *Navy Customer Service Manual*, NAVEDTRA 10119-B.

VISUAL MERCHANDISING

The basic purpose of any ship's store is to give maximum service to patrons. Effective displays are essential to the rendering of maximum service. Effective displays ensure that all personnel aboard are afforded the utmost shopping convenience with a minimum of effort and time. Effective displays also allow the merchandise to be presented in an attractive and pleasant setting. Displays have the task of informing, educating, and impressing the patrons of the quality, price, and use of the items. Displays let patrons know what is available and help them to make good selections.

A secondary purpose of good displays is to sell merchandise and to produce the profits that will be turned over to the ship's recreation fund. If properly used, an attractive store front can sell merchandise 24 hours a day, 7 days a week. Personnel engaged in their duties and coming and going to meals, movies, and living compartments may pass the retail store several times each day. The displays in the store should be able to turn this traffic into shoppers, and shoppers into buyers. Imagine the loss in sales you would have if the store front amounted to nothing more than a rusty expanded metal screen covering a dirty, poorly lighted display of cigarettes and toothpaste.

Principles

To be effective, displays must meet certain requirements. You, as the senior Ship's Serviceman, should help and encourage the ship's store operator to attain these requirements. The

following principles apply to the entire store, not just the showcase or store front.

Attractive—The display should enhance the beauty of the merchandise and reveal its usefulness and qualities. The area in which the merchandise is displayed must be clean. You must not allow finger smudges to remain on fixtures or on the Plexiglas. Decorations always add to the attractiveness of a display. They change the atmosphere of the store, remind the patrons of the seasons, and may very well give a new appearance to merchandise that has been in stock for some time. The use of color is also an important asset. You can use color on the shelves, on the showcase backing, and throughout the store. The merchandise must always look new, clean, fresh, and inviting. The most meticulous display will not persuade patrons to purchase junk. On the other hand, top-quality merchandise will suffer a visual markdown if it is displayed carelessly.

Easily seen—The best area in the ship's store from the patron's point of view is eye level. This is called the golden area of retail display. Small items that would be otherwise overlooked should be displayed in this area. The golden area is also the best location for unknown or new items. The type of response a new item featured at this level receives may indicate future sales potential of the item. Larger items should be placed on the lower shelves. Labels on larger items are easier for customers to see because the size of an item compensates for its distance from the customers' eyes. Keep in mind that the major concern is the merchandise itself. The merchandise must never be hidden by signs, labels, or decorations.

You can use brightly lighted display cases to make the merchandise more easily seen. If you use fluorescent lights, make certain they are installed vertically so there is an even distribution of light to all parts of the case. Replace all burned-out lights immediately. Normally, it is best to cover the back of the showcase with opaque sliding doors or curtains. This will prevent the customer's eyes from wandering through the display into the interior of the store.

Quickly identified—The use of signs or tickets helps good customer shopping and speeds up the buying process. Before preparing signs of your own, consider what already has been prepared for you. Most items have labels or informative copy on the packaging. Place this information in such a manner as to make reading easier. You can also use newspaper or magazine advertisements. Visual merchandising support services are available to

you from almost all Navy exchanges. You can obtain these services in connection with ship's store merchandising. The services can be provided during in-port periods from a Navy exchange serving the local area. For this reason, travel orders will not be needed. Remember the costs of support services from the local Navy exchange are reimbursable. The costs will usually include payroll charges for the visual merchandising specialist and the cost of materials.

Display the item to illustrate its purpose and use. The customer deserves to know why the merchandise is a good buy. The seller should supply the store operator with information about the item. The store operator should then pass on this information to the patrons. The types and characteristics of an effective sign will be discussed later in this chapter.

Neatly arranged—Merchandise must always be neatly arranged. When you are using shelves directly behind the selling area of the store, you should arrange merchandise to fill as much cubic space as possible. You can stack certain items two or three deep wherever practical. Display high-priced and pilferable merchandise where the operator can keep an eye on it.

Accessible—Make displayed material readily accessible to the store operator and the customer. By doing so, you will avoid long lines of impatient shoppers. You can give better service and the patron is less likely to waste time. Merchandise should be arranged to minimize the operator's trips or steps away from the sales window. Besides speeding up customer sales, this strategy also reduces pilferage. Display the fastest moving items (as determined by available purchasing and selling history) where they can be conveniently reached and handed to the customer. Try to place this merchandise in an area that is easy to restock. Cigarettes, for example, should be placed on a lower shelf because they are bulky items and must be restocked frequently. Avoid any tendency to place warehouse merchandise in the display case.

Correlated—Items should be shown together if they are related in use or purpose. One item frequently suggests another. Usually some characteristic in common causes items to be correlated. The importance of this principle cannot be overemphasized. If necessary, move a whole shelf to achieve proper correlation. For example, shoelaces and shoe polish, toothbrushes and toothpaste, and cigarettes and tobacco should be arranged together. Separate areas should be set aside for categories of merchandise that are

distinctly different, such as jewelry, toiletries, and confections. In addition to one item selling another, correlated display practices help remind the customer to buy items needed that might be otherwise forgotten. Failure to achieve proper correlation in displays makes shopping an annoying project. For example, safety razors should be displayed on one shelf rather than in several different locations. However, this general rule should not discourage you from using vertical displays. When there is a significant range to be displayed, it is wiser to occupy 4 feet of space on three shelves rather than to use one 12-foot section of shelf space. A vertical arrangement allows the customer to view the entire range of merchandise in one glance instead of having to scan a wide horizontal display. Displays should be primarily influenced by the customer's ease in shopping. Maximize on the impression the customer gets. Make the customer aware of your entire range of merchandise and your obvious effort to keep the customer in mind.

Equipment and Facilities

With the above principles in mind, you, as the ship's store supervisor, should always be looking at possible ways to improve or modernize your ship's store facility. You should consider the location, layout, and condition of the on-hand equipment. The most desirable location for a ship's store would be adjacent to the general mess, recreational area, or other high-traffic spot. The area in front of the store should be adequate to permit a free flow of traffic without disturbing shoppers. The layout of equipment both inside and outside the store should be planned for the convenience of both the patron and the operator. The equipment, whether old or new, should be kept in good working order. Recommend necessary replacement or repairs without delay.

Modernization

If you find that your ship's store does not meet the standards discussed above because of equipment that is outdated, unattractive, or nonfunctional, you may decide to recommend to the sales officer that your ship modernize its facility. If you feel that your ship's store needs modernization, first sit down and take a good hard look at the areas that need improvements. Then, you can begin to take the necessary steps to acquire these improvements.

Your first step is to complete a letter request to the Navy Resale and Services Support Office (NAVRESSO) for permission to modernize. (The letter should state the purpose of the request.) You should include a rough sketch of the area to be modernized. Show the exact dimensions in your sketches. Note the height between decks, any permanent piping, ventilation, and the location and size of any other fixtures that cannot be altered. Take photographs of the area, if you can. Then, submit your letter request, descriptions, sketches, and photographs to the Director, Ship's Store Division, NAVRESSO, for review and advice.

Before taking any action on your request, the Naval Resale and Services Support Office (NAVRESSO), through the Naval Supply Systems Command (NAVSUP), will work with the appropriate ship logistics manager in the Naval Sea Systems Command (NAVSEA) to make certain that all space reservations, utility requirements, weight requirements, and other considerations are taken into account. All these important considerations are required by NAVSEA/NAVSUP Instruction 9665.1. NAVRESSO will then prepare a recommended layout of the area to be improved. NAVRESSO will also provide cost estimates and procurement information. Remember, no improvements can be made to your ship's store without the written approval of NAVRESSO. Also any authorization you receive from NAVRESSO for improvements should not be interpreted as a permit for you to expand or enlarge the ship's store at the expense of adjacent spaces.

A further consideration for your store's plans is interior shelving. Store shelving is widely used in Navy exchanges and is recommended by NAVRESSO for ship's stores. The steel shelves are easily assembled and are available with or without backings. The shelves have steel ticket strips for price displays. Shelving units may be ordered through NAVRESSO.

For the modernized store front, it is recommended that you have translucent corrugated fiber glass panels installed in the space between the top of the store front and the overhead. A framed bulletin board with a Plexiglas front that can be locked should be installed in a conspicuous spot near the store. Price lists, special offers, flyers announcing merchandise, and notices should be placed on the bulletin board so they will not clutter the store front. A sign or decal designating the hours of operation should also be posted where it can be seen but where it will not obstruct the

view of any merchandise. Finally, an attractive SHIP'S STORE sign should be posted where it can catch the eye of any passing member, for this sign very definitely establishes the location of the ship's store.

What is to be gained by modernizing your ship's store? The benefits that will accrue after modernization are many. They usually include improved and more complete displays, increased range and depth of stock, increased sales (and therefore increased profits for the recreation fund), and increased and improved service to the crew. Finally, and perhaps most importantly, these benefits promote higher morale in the crew.

Accessories

There are many and varied accessories available to ship's stores that add to the attractiveness and effectiveness of a display and of the store itself. You should consider the size of the store front and the shelving before deciding on the fixtures to buy. Some items that would be appropriate for shipboard use include sock forms, glove hands, and hat forms. Additionally, neck forms and counter pads are available for displays of ladies' jewelry and gift items. Fixtures that are considered basic for most ship's stores are shown in the *Ship's Store Afloat Display Guide Supplement*. Various types of price tickets and holders may be obtained. You can also purchase Dymo tapewriters and a Mini Press sign machine for making signs.

Decorations that arouse customer interest and add to the appearance of merchandise on display are available to ship's stores. The All Season Display kits include display material suitable for alerting customers to all major seasons and special events. Plastic cherubs, garlands, and foil heart strings are provided for St. Valentine's Day; forsythia sprays and honeycomb bunnies for Easter; carnations and ferns for Mother's Day; oak leaves and sprays for fall; holly, poinsettias, and bells for Christmas; and ivy and plastic ferns for general use. The decorations are listed in the *NRS Visual Merchandising Supplement for Ship's Stores Afloat*.

A homosote or cellotex panel may also be used in many displays. It is an inexpensive insulation board that may be easily covered with colorful display fabric and pinned or taped. When covered, the shelf offers an attractive display area that will enhance the high quality of the merchandise.

Charging of Display Aids and Major and Minor Equipment

Minor equipment and supplies for display purposes are procured as a charge to Ship's Store Profits, Navy. Major modernization equipment, such as store fronts and extensive shelving, should be financed by the local ship's OPTAR since this type of equipment involves alteration of the ship's structure. However, if the type commander will not approve funding for these items, you may charge your own profits for the material. In this event, you must request authority from NAVRESSO to charge the cost of modernization to Ship's Store Profits, Navy. Upon written approval from NAVRESSO, the cost of materials for improvements can be charged to Ship's Store Profits, Navy, functional account 75400. Upon request, NAVRESSO may also provide a loan to your ship's store to cover the costs of improvements for a maximum of 3 years.

If properly handled, modernized facilities can more than pay for themselves with a resulting increase in sales. There is rarely a valid reason for not improving ship's store facilities because of cost considerations.

Signs

You can enhance your ship's store displays by the effective use of signs. Signs are the silent voice of the store operator. They tell the customer where the store is, what is or will be on sale, what the item is, and its price. Any other information, descriptive or explanatory, that would help the customer to shop more easily and quickly should also be included.

In many cases the first and most important contact is made with the customer through a display. If that display does not convey all the facts to the customer, it has failed in its purpose. The customer can usually see the shape and color of the item but there are many features that are not so obvious, such as the content of the fabric or product or the size or number of pieces included in the package. The sign should convey this type of information. Careful attention given to sign preparation will very often speed up sales and reduce the amount of time required to serve each customer.

Store operators concerned with the buying and selling operations should acquaint themselves with the merchandise and its qualities and features. Then they should condense this information on the most practical size and type of sign. Signs

should say something strongly enough to get someone to do something.

There are four basic components in the development of signs that include the important elements mentioned above. Refer to figure 6-1.

1. The lead line attracts the patron's attention.
 - a. It can be one word or a phrase. (NEW!) (GREAT GIFT IDEA!)
 - b. It should be in bold type if it denotes SPECIAL EVENT, CLEARANCE, or SALE.
 - c. It should be printed in red for greater emphasis when it denotes REDUCED, CLEARANCE, or SPECIAL merchandise.
 - d. It should contain a lighter type face for general or regular information.
2. The head line names or identifies the item.
 - a. It should be in bold face or large type.
 - b. It should be the largest type on the sign.
 - c. It should use as few words as possible.
3. The descriptive information (or copy) inspires a patron's desire to buy the merchandise.
 - a. It should be set in a different type from that used in the lead line.
 - b. It should be set in type that is the same weight as the type in the lead line.
 - c. It should be no longer than two lines of type.
 - d. It can use bullets (●) to eliminate wordiness.
 - e. It should not compete with the head line for prominence.

4. The price information should complete the sale.

- a. It should be clearly stated in bold type—as bold or bolder than the head line with no dollar sign (\$) when cents are included in price (print 1.75 not \$1.75).
- b. Print \$25—not \$25.00 when no cents are used.
- c. Be specific (print 1.95 to 5.95 not 1.95 and up).
- d. Use the symbol for cents (¢), not the decimal, when the price is less than one dollar (print 80¢ not \$.80; print 70¢ to 1.25). (Always print the lowest price first.)
- e. Include the unit of measurement (gal., qt., dz., ea.) with the price to avoid confusion.
- f. Avoid broad spreads in the price ranges (print 1.95 to 5.95 not 80¢ to 8.95).
- g. Use the phrase *priced as marked* when a range is very broad.

In summary, if you and the other ship's store personnel are conscientious about trying to improve the visual impression of your ship's store, there are a variety of possible sources of information and materials that you can use.

SHIP'S STORE OPERATION

The proper and effective operation of the retail outlet(s) of your ship's store operation is an extremely important job. As a senior Ship's Serviceman, you must not only maintain proper control of the operation but you must also

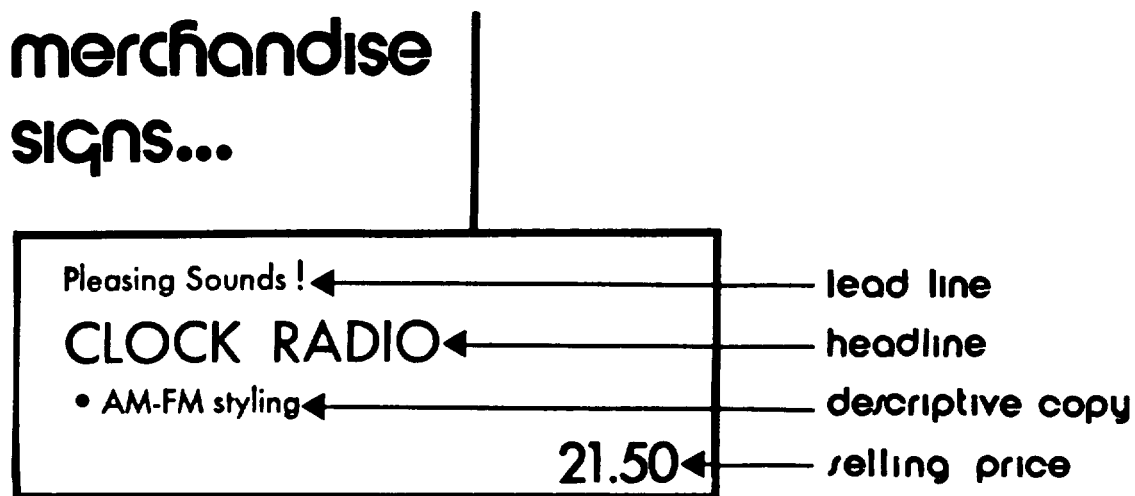


Figure 6-1.—An effective selling sign.

achieve the purposes of the ship's store. You will have the responsibility for making certain that ship's store personnel follow the necessary regulations and procedures. You must maintain your ship's store operation on a legal basis as well as on a sound financial one.

Authorized Patrons

According to guidelines set forth in the NAVSUP P-487, ship's store and clothing stock may be sold for cash to the following persons:

- Officers and enlisted personnel on board for duty as ship's company
- Officers and enlisted personnel on board for active duty for training or passage en route to duty that includes Air Force, Army, Coast Guard, Navy, and Marine Corps
- Passengers, including foreign service personnel of the United States en route to duty, National Oceanographic and Atmospheric Administration personnel, and Public Health Service personnel
- Accredited United States technicians (military or civilian) who are actually embarked or assigned on board in an official capacity

Sales to members of the armed services and other persons listed in the last two paragraphs above, who are not actually on board, are authorized in remote areas provided there is no armed services exchange in the area. All authorized patrons may buy items for themselves, for their dependents, or for gifts, but they cannot buy for resale or exchange in barter with other persons. Only personnel authorized to wear the Navy uniform may buy distinctive items of the uniform.

You should make certain the above regulations are contained on the price list posted at the store. Also, the regulations (the authorized patron sign) should be posted in a conspicuous place near the cash register. With the regulations posted, it is easier for the store operator to explain the situation. You must see that regulations concerning authorized customers are strictly followed. The ship's store and Navy exchange privileges are valuable and must be protected. The regulations concerning various miscellaneous types of authorized sales, such as to survivors of marine disasters, official government organizations, foreign governments, and merchant ships, are

contained in the NAVSUP P-487 and are discussed in the *Ship's Serviceman 3 & 2*, module 2. You should consult these publications for details.

Hours of Operation

To accomplish the purposes of the ship's store, you should try to have the store open the maximum amount of time possible. Generally, you should try to provide at least 42 sales hours per week when the ship is underway and 20 sales hours per week while the ship is in port. Within these recommendations you should still have enough time to get breakouts done.

To provide good service, the store must be open the maximum amount of time possible to make sure all personnel have an opportunity to make their purchases. Of course, it is the commanding officer who has the final approval of the ship's store hours. As a leading Ship's Serviceman, however, you should examine the hours of operation of the retail outlet. After careful observation, decide if the hours are satisfactory and desirable. If they are not, recommend a change to the ship's store officer. The approved hours should be written and signed by the commanding officer and posted prominently. Use the hours of operation decals so the operating hours are visible from the outside of the store.

Pricing and Marking of Merchandise

Besides helping the ship's store officer concerning the hours of operation, you may also be called upon to help decide on a pricing policy. Here again the wishes of the commanding officer must be known, as the commanding officer may have some strong personal opinions.

The NAVSUP P-487 does not prescribe any maximum or minimum markup on individual items of stock. Profits must be sufficient to cover markdowns below cost, surveys, costs incurred in operating the service activities, and other operating expenses. However, there is a ceiling placed on net profits—they cannot exceed 15 percent of the cost of retail sales. Any profit generated above this limit is considered to be excess. You must turn excess profit over to the General Fund. The use of the 15 percent markup is recommended by NAVRESSO.

You should consider the profit objectives of the ship's store. How much money does the commanding officer expect for welfare and recreation

each accounting period? If planned programs are limited, profits can be minimal. If an extensive program is planned, profits must be near the maximum. Once the markup percentage has been determined, it must be applied to the items. There are various methods of applying the markup. A single markup may be applied across the board. A higher markup maybe applied to luxury items. There is some merit in each of these methods. Another consideration should be the ease in making change. Whenever possible, prices should be rounded to the nearest nickel.

Each item of ship's store merchandise in the retail outlet should be individually marked with the selling price. (The exceptions to this rule are listed in the NAVSUP P-487.) In marking each item with the selling price, you will promote greater efficiency in selling, merchandising, and inventorying. This method will also help you to prevent price manipulations. You can order adhesive-backed, machine-marked tickets that you can place on each item without damaging or defacing the merchandise. These tickets are designed so they will not detract from salability of the item. Attach the price tickets uniformly for similar types of items so the items can be readily visible with as little handling as possible. Do not use crayon or grease pencils to price-mark individual items. You can find procurement information on hand-held labelers and price tickets by consulting the *NRS Visual Merchandising Supplement for Ship's Stores Afloat*. You can procure hand-held labelers and price tickets by submitting an Order for Supplies or Services/Request for Quotations (DD 1155) to the Navy Resale and Services Support Office, Staten Island, New York.

As part of the ship's store's policy on pricing, a price list should be available as a ready reference for the ship's store operator to use to verify prices. A copy of the ship's store Inventory Count Sheet (NAVSUP 238) should be used for this purpose. Any changes to the price list will be made in ink or indelible pencil. Fountain or snack bar items should be priced in the same manner as other resale items discussed earlier in this chapter except that a sign should be conspicuously posted at the activity to display prices of finished fountain products. Upon receipt of merchandise in the retail store, the retail store operator should price the merchandise according to the retail price listed on the transfer document. Merchandise can be re-marked only by authority of a Retail Price Change (NAVSUP 983). In the event of revaluation of standard Navy clothing,

merchandise can be re-marked on authority of a Report of Survey (DD 200).

Cash Handling

As a leading Ship's Serviceman, you may have the responsibility of ensuring that ship's store personnel adhere to the regulations governing cash handling. As you maybe assisting the ship's store officer in maintaining financial accountability, it will be important that you be thoroughly familiar with cash-changing procedures.

The first thing you should remember is that all sales in the ship's store must be made on a cash basis. The only exception to this rule is when sales of fountain products are made to private messes on a credit basis. Even then, sales such as these can be made only on a one-time basis and payment must be received before the end of the accounting period.

Only the following items can be accepted as cash for sales made in the ship's store:

1. U.S. currency—All U.S. currency can be accepted as cash for ship's store items.
2. Traveler's checks—To be accepted as cash for sales in ship's stores, traveler's checks drawn in favor of the purchaser must not exceed the current designated amount over the amount of the purchase.
3. Personal checks—To be accepted as cash for sales in ship's stores, personal checks drawn by the purchaser must be on a U.S. bank account and stated in terms of U.S. currency. Also, personal checks must be inscribed with the printed name of the purchaser and magnetic ink routing numbers.

For personal and traveler's checks to be used as cash for sales of ship's store merchandise, additional information must be placed on the checks. Generally, personal and traveler's checks must bear the signature, social security account number, and duty station of the purchaser. The ship's store operator must witness the purchaser's endorsement of the check and must positively identify the purchaser and the purchaser's signature by checking the purchaser's ID card. You should remember that the additional information is required and necessary for the ship's store to be able to collect on uncollectible checks. You should consult the P-487 for details on the information that is currently required before a check can be accepted as cash for ship's store retail items.

As required by the NAVSUP P-487, all cash from sales made in the retail store must be cleared through cash registers at the time of the sales. In addition, all sales must be recorded daily in the Cash Register Record (NAVSUP 469) and the Cash Receipt Book (NAVSUP 470) according to guidelines set forth in the NAVSUP P-487. The types of cash registers that are considered to be satisfactory and acceptable for use in ship's stores are discussed in detail in the NAVSUP P-487.

You will need a change fund—usually a maximum of \$50—to open the store. Until you receive sufficient cash from sales to start the change fund, the disbursing officer will advance an amount of change to the operator in exchange for a NAVCOMPT 211. You can increase the change fund for special occasions, such as paydays. All change funds must be authorized in writing and approved by the commanding officer. The advance for the change fund is not a sale and must not be rung into the register.

On ships operating multiple retail sales outlets, the disbursing officer may entrust change funds to the custody of the ship's store officer, a designated assistant, or a collection agent. The disbursing officer must have the written approval of the commanding officer before assigning the custody of the change fund. In fact, you may be charged with the responsibility of advancing funds to the retail store operators.

The ship's store officer is responsible for collecting the cash from the retail store and depositing it with the disbursing officer. (This responsibility rests with the ship's store officer although you might be designated as the collection agent.) Cash must be collected from the store daily. Cash not to exceed \$50 may be left in the register overnight except when more than one shift is operated. (Type commanders may authorize up to \$100 if they feel it necessary.)

All cash must be collected at the end of the accounting period. Cash must also be collected if the store will be closed longer than 72 hours, if the ship's store officer is relieved, or if the retail store operator is relieved. This rule minimizes any losses that could occur if someone were to break into the store. Mandatory cash collections will save you the burden of advancing change funds daily and exchanging receipts.

Normally, the ship's store officer (or you, as the collection agent) will go to the store at the close of business each day to make the collection, taking the Cash Register Record (NAVSUP 469) along. The ship's store officer or the designated collection agent who has the only key to the

register will record the ending register reading in the appropriate column of the NAVSUP 469. By subtracting the day's beginning reading from the ending reading, the ship's store officer or agent can determine the value of cash received during the day. This total is added to the amount of money that was left in the register for change at the close of business on the previous day. The result is the actual amount of cash that should be in the register. Any shortages or overages in excess of \$5 that are not substantiated by overring or refund vouchers must be examined and initialed. Such differences would most likely result from errors that occurred when change was made to customers. It is possible, however, for over- or underrings to be made. If the operator discovers the fact at the time, the operator should mark the register tape accordingly and make up an Overring/Refund Voucher (NAVSUP 972). Primarily to make the postings easier and to prevent errors, you should see that collections are made to the nearest dollar value. For example, if the actual cash in the register was \$173.38, the ship's store officer or the designated collection agent would leave \$49.38 for change and collect \$124. The ship's store officer or agent would then sign the store operator's Cash Receipt Book (NAVSUP 470) as a receipt for the \$124.

You should also remember there are several optional procedures for the collecting of cash, such as the use of moneybags and night depository safes. If the conditions warrant (as they do on many larger ships), these procedures should be followed according to instructions in the NAVSUP P-487.

As in any other retail operation, there are circumstances when a customer is justified in asking for a refund of cash that was previously paid out for merchandise. The NAVSUP P-487 authorizes the ship's store officer to grant a refund in two cases:

1. When merchandise is guaranteed by the manufacturer and returned within the warranty period
2. When merchandise can be reasonably assumed to have been defective at the time of sale and is returned within 30 days of such a sale

When a refund is desired and proper, an Overring/Refund Voucher (NAVSUP 972) must be completed and approved by the ship's store officer. When cash is collected at the close of business, the cash should be short by the amount of the refund. A special entry should then be

made in the Cash Register Record (NAVSUP 469) and Cash Receipt Book (NAVSUP 470), and the NAVSUP 972 should be attached to the applicable page of the NAVSUP 469.

Defective merchandise that is returned for a refund and that is covered by a guarantee should be returned to the vendor for an adjustment or replacement according to the terms of the guarantee. Repairs to other merchandise can be procured from commercial sources if attempts to secure replacement or repairs from the vendor are unsuccessful. In some cases, defects may be such that the merchandise may be sold on board at reduced prices or surveyed as a charge to ship's store profits.

Whenever possible, cash received from sales must be deposited daily with the disbursing officer. There may be occasions when it will be impractical for you to deposit the cash daily. For example, the disbursing officer or agent cashier may both be unavailable to receive the deposits. On these occasions all cash on hand, except the cash left in the cash register overnight, should be retained in a safe under the personal custody of the ship's store officer or designated collection agent.

On small ships when the ship's store officer and the disbursing officer are the same person, no receipt is required for the daily deposit of cash received from sales in the ship's store. However, if a collection agent is appointed or if the ship's store officer is not the disbursing officer, then the disbursing officer must give the ship's store officer (or the collection agent) a receipt for ship's store cash deposits. The receipt is made on a separate Cash Receipt Book (NAVSUP 470).

At the end of the month, all NAVSUP 469s and NAVSUP 470s must be totaled. A Memorandum Cash Sales Invoice (DD 1149) should then be prepared to include the totals. These procedures are discussed in greater detail in the NAVSUP P-487 and in *Ship's Serviceman 3 & 2*, module 2.

If you are collection agent, your NAVSUP 469 and NAVSUP 470 (covering deposits with the disbursing officer) should be submitted daily, if possible, or at least twice weekly to the ship's store officer. The ship's store officer will review cash sales information entries, check amounts deposited with the disbursing officer, and initial the entries to show they have been checked. At the end of the accounting period, the ship's store officer will verify entries of sales in the Financial Control Record (NAVSUP 235).

Cash-handling procedures are not complicated, yet supply management inspections (SMIs) reveal repeated errors in this area. You, as the leading Ship's Serviceman, should take particular care in this area to observe your personnel and to conduct adequate training. You must ensure strict adherence to the prescribed procedures.

Tax-Free Tobacco Products

As mentioned in chapter 4, you must carefully control the procurement of tax-free tobacco products. Also, you must see that other procedures are being properly followed in the handling of such products. You cannot sell or transfer tax-free tobacco products, regardless of the manufacturer (domestic or foreign). These products must not be sold or transferred while your ship is within the 3-mile limit of the United States. Such a sale to individuals on Navy ships without entry and payment of duty is illegal. Also, individuals aboard your ship may not carry tax-free tobacco products ashore within the United States. An exception to this rule is when your ship loads tax-free cigarettes in the United States and then goes beyond the 3-mile limit (on maneuvers or otherwise) but does not touch any port outside the customs territory of the United States before returning to port in the United States. Under these conditions, U.S. naval authorities may permit a member to take ashore two opened packs of cigarettes for personal use while that member is on liberty. The member can use these cigarettes without duty or tax liability and without customs entry.

Miscellaneous Sales

Besides the usual types of individual sales of merchandise, your ship's store may occasionally conduct the following types of sales.

GROUP SALES.— Group sales of ship's store stock are generally used in activities that carry or serve individual units of personnel, such as Army troops, Marine Corps troops, and large detachments of Navy and Coast Guard personnel. Group sales are used most frequently aboard transport ships. Because of limited space for the retail store and the inconvenient hours of operation, the ship's store on a transport ship may not be able to serve all the crew members and troop personnel. In these cases, a representative from a crew or troop unit can gather individual orders.

The representative then presents the order to the retail store operator. The store operator assembles the required stock and the representative makes the purchase. This method is convenient aboard a transport as the representative can purchase ship's store stock at times other than the regular hours of operation.

BULK SALES.— Bulk sales can be made to any activity that is authorized to buy ship's store stock at cost price. Normally, bulk sales are made to Navy exchanges, Military Sealift Command exchanges, and other ships that do not operate ship's stores. Bulk sales can be made to other ships whenever these ships are not provided with a composite recreation fund. For example, submarines are normally provided with recreation funds by a submarine tender (AS). The crew on a submarine must buy stock at retail

from the ship's store aboard their own tender.

Generally, a representative of the activity desiring to buy stock at cost will notify the ship's store officer a day or two in advance. The advance notice allows the ship's store officer to check available stocks and ready them for sale. The representative then presents a DD 1149, as shown in figure 6-2, listing the items desired and quantities requested to the ship's store officer. The recordkeeper adds the unit cost prices and cost extensions. The statements *Approved* (signed by the ship's store officer), *Payment Received* (signed by the store operator), and *Material Received* (signed by the receiver) are added to the DD 1149. Refer to figure 6-2.

Bulk sales are normally made through the resale outlet since cash is being received. Therefore, any items that carry a markup must

SHIPPING CONTAINER TALLY										1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50									
REQUISITION AND INVOICE/SHIPPING DOCUMENT										SHEET NO. OF SHEETS 1 1 ENTER DATE 5. REQUISITION DATE 6. REQUISITION NUMBER									
1. FROM: ENTER UIC, NAME AND HULL NO. OF REQUESTING ACTIVITY										7. DATE MATERIAL REQUIRED									
2. TO: ENTER UIC, NAME AND HULL NO. OF TRANSFERRING SHIP										8. AUTHORITY OR PURPOSE NAVSUP PUB 487, PAR. 2205									
3. SHIP TO - MARK FOR										10. SIGNATURE R.L. VAN DEVEN, CDR, USN 11. VOUCHER NUMBER AND DATE ENTER EXPENDITURE NO.									
SIGNATURE OF REQUESTING ACTIVITY'S COMMANDING OFFICER										12. DATE SHIPPED									
4. APPROPRIATION AND SUBHEAD 17X4911.2310										14. BILL OF LADING NUMBER									
OBI CL 000										GOVERNMENT DESIGNATION OR POST REFERENCE NO.									
BUR CONT NO 21001										PROPERTY ACTIVITY SHIP'S UIC									
SUBAL LOT 0										COST CODE 00/UIC/98704									
AUTHORIZATION ACTIVITY 000250										AMOUNT \$40.00									
TRANS TYPE 3C																			
UNIT OF ISSUE EA										QUANTITY REQUESTED 72									
FEDERAL STOCK NUMBER, DESCRIPTION, AND CODING OF MATERIAL AND/OR SERVICES										SUPPLY ACTION 72									
IT IS REQUESTED THAT A BULK SALE OF THE FOLLOWING ITEMS BY MADE TO J. W. HOFFER, SH3, USN										TYPE COM-TAINER NO.									
1 M&M'S CANDY, PLAIN										UNIT PRICE \$.24									
2 POCKET COMBS										TOTAL COST \$17.28									
3 PALL MALL K.S.										EA 48 48 .04 1.92									
										CT 5 5 4.16 20.80									
USS DOES NOT OPERATE A SHIP'S STORE AND DOES NOT RECEIVE A SHARE OF THE PROFITS OF ANOTHER SHIP'S STORE.																			
APPROVED: J. O. LEARY, ENS, SC, USNR SHIP'S STORE OFFICER										MATERIAL RECEIVED: J. W. HOFFER, SH3, USN									
PAYMENT RECEIVED: W. L. MOORE, SH2, USN RETAIL STORE OPERATOR										POST TO NAVSUP FORM 978									
16. TRANSPORTATION VIA WATER OR AIR										17. SPECIAL HANDLING									
18. CHECKED BY										19. CONTAINERS RECEIVED									
20. CHECKED BY										21. DATE									
22. CHECKED BY										23. BY									
TOTAL										SHEET TOTAL \$40.00									
ENTER ON LINE B12 OF NAVCOMPT FORM 153										GRAND TOTAL \$40.00									
DD FORM 1149 (9 PT)										STOCK NO 0101 804 9010									

Figure 6-2.—Documentation for a bulk sale.

43.3.11

be marked down to cost price. The price that results will cover the loss in financial responsibility of the operator, since the operator will receive cash for only the cost value of the merchandise. The store operator can then receive the cash for the stock sold and can be fully compensated for the loss in material from the operator's custody. The money received is rung into the cash register just as it is for any other sale. However, each bulk sale requires a separate entry to be made in both the NAVSUP 469 and the NAVSUP 470.

At this time, the value of the DD 1149 is not posted to any of the records. One copy is filed in the Cash Sales File, one copy goes to the store operator, and the remaining copy becomes part of the Accountability File. The original and remaining copies are returned to the receiving ship. At the end of the accounting period, the value of all bulk sales documents in the Cash Sales File is obtained and posted to the Journal of Expenditures (NAVSUP 978). Keeping bulk sales separate from the regular cost of sales is a necessary task. By keeping your bulk sales separate, you avoid payment of the NAVRESSO assessment on sales that by regulation can generate no profit.

An optional procedure exists for separate operations that normally have a large volume of bulk sales. Such bulk sales may be made directly from the bulk storeroom. This procedure requires a portion of the storeroom to be maintained as a bulk salesroom. You must maintain financial control at cost (on a NAVSUP 235) over the bulk storeroom custodian for stocks in this area of the storeroom. Breakouts for bulk sales should be made in the same manner as a breakout of stocks to any other resale facility would be made. Since the bulkroom custodian is held responsible at cost, the need for a markdown before bulk sales is eliminated.

Security for Ship's Store Spaces

As a leading Ship's Serviceman, you should constantly remind your ship's store personnel of the need for maintaining tight security. Security precautions to be followed during receipts and breakouts have already been discussed. However, you should also impress upon the retail store operator the importance of locking the store completely whenever the store is left for any reason. Locking the store completely simply means using the complete security system that is installed in your store.

All ship's store spaces require dual locking procedures. A dual locking system includes a keyless padlock and a dead bolt-type lock. If a dead bolt-type lock is not practical, a high security lock must be installed. Both locks must be used at all times whenever the store is unattended by the ship's store operator. The regulations governing the security of ship's store spaces and the use of locks are briefly discussed below.

There are two security groups assigned to all sales operations. These security groups are Group III and Group IV. Group III spaces consist of the ship's store retail and clothing outlets, the fountain or the snack bar areas, the vending machines, and the bulk storeroom. All Group III spaces must be secured according to guidelines set forth in the NAVSUP P-487.

Keyless padlocks must be used to secure all Group 111 spaces. Each keyless padlock is provided with a setting-in key and instructions for setting the combination. The combination for each keyless padlock should be placed in a separate envelope with the name of the space annotated on the outside. The custodian of the space must set the combination, record it on a sheet of paper, and place the paper and the setting key in an opaque envelope. The custodian must then seal the envelope and sign the flap in the presence of the ship's store officer. The responsible custodian must not record the combination anywhere other than on the paper turned over to the ship's store officer. In addition, the custodian must never disclose the combination to any other person. Upon receipt of the sealed envelope, the ship's store officer will sign his name and the date over the flap in the presence of the custodian. The ship's store officer will then affix transparent tape over the flap and retain the sealed envelope in his safe.

Whenever the keyless padlocks are not available under stock number 5340-00-285-6523, you should use the key-type padlocks under stock number 5340-00-682-1508, along with a numbered lead or car seal. Make sure the seal number is recorded in the car seal number log. The key-type padlock should be used only until the keyless-type locks become available. Duplicate keys for locks to Group 111 spaces should be handled according to methods prescribed in the NAVSUP P-487.

In addition to a keyless padlock, a dead bolt door lock should be installed on all doors leading

into Group III retail and bulk storeroom spaces. Where this is impractical, a high security key-type padlock with a shrouded shackle should be installed. Stock numbers for procurement of these items are available in the *Afloat Shopping Guide*, NAVSUP P-4400.

Remember, your ship's damage control procedures must be considered whenever additional locks are installed on doors leading to Group III spaces. Hinges must be installed on the doors so that the hinges will not be exposed. Hinge pins that are exposed should be tack-welded so any attempt at removal will be thwarted. For regulations covering emergency entry into Group III spaces, consult your NAVSUP P-487.

Group IV spaces consist of all service activities including the barbershop, the tailor shop, and the laundry and dry-cleaning service areas. These spaces are classified as Group IV spaces provided no cash sales or other cash transactions are made through these service facilities or no material intended for ultimate cash sale is stored in these spaces. (Otherwise, the spaces must be placed under Group III security.)

Each of the Group IV spaces must be provided with its own lock. The original key to the lock of each Group IV space must be different from the keys to any of the other Group IV spaces. The person who is in charge of the space during working hours should retain possession of the key to that space. After working hours, the key should be turned over to the duty petty officer who will place the key in the general key locker in the supply office. Any duplicate keys will be kept in the supply office key locker, in a special duplicate key locker, or in the supply officer's safe. A master key, an original, which will pass all locks in Group IV spaces, may be retained in the custody of the supply officer or his designated assistant. The duplicate master key should be retained in the custody of the supply officer. The use of car seals is discussed in your NAVSUP P-487. Consult this publication for further details.

Sanitation

Sanitary regulations approved by the senior member of the medical department must be posted prominently in all service activities operated under the ship's store. These regulations

must be enforced rigidly. As senior petty officer, you must carry out your responsibility for ensuring that your people are complying with the sanitary regulations posted in their spaces. Sanitation is even more important in the ship's store, since the obvious observance of proper sanitation creates a favorable impression with the customers. For detailed information on mandatory regulations governing sanitation, refer to Naval Medical Command publication 5010 (NAVMED P-5010).

SALESROOM SUPERVISION ON SHIPS WITHOUT SUPPLY CORPS OFFICERS

You can apply much of the information you have already read in this chapter to salesroom operations on ships without Supply Corps officers. However, there are some variations in the cash-handling procedures that you should know. The next paragraphs should provide you with some of the basic information you will need for supervising salesroom operations on ships without Supply Corps officers.

Cash received from sales in the ship's store must, at the time of sale, be cleared through a cash register. (The paid out key should be blocked to prevent its use.) Cash should be recorded in the Cash Receipt Book (NAVSUP 470) according to directions in the NAVSUP P-487. Collections from the ship's store should be made at the following times:

- When the total amount in the register is in excess of the change fund by \$25 or more
- When the retail store is to be closed for a period of more than 72 hours
- At least once a week
- On the last day of the month that the store is open
- When there is a change of ship's store officer or ship's store operator

In addition to the Cash Register Record (NAVSUP 469), the ship's store officer should maintain a cashbook as a record of the amount

the original of the DD 1149 and returns it to the ship's store officer.

Whenever practical, the ship's store officer should deliver the funds (in the ship's store officer's custody) to a disbursing officer on a weekly basis. The document that should be used to transfer such funds is a cash sale Requisition and Invoice/Shipping Document (DD 1149) that must be prepared in an original and minimum of four copies. The format for the DD 1149 is shown in figure 6-4. The original and three copies of the DD 1149 are sent to the disbursing officer. The disbursing officer completes the certification on

The signed original and one copy of the cash sale invoice (DD 1149) for each deposit made with the disbursing officer should be forwarded monthly along with the Financial Control Record (NAVSUP 1099) to the Fleet Accounting and Disbursing Center, Atlantic (FAADCLANT) or Pacific (FAADCPAC), as appropriate. (See your current NAVSUP P-487 for additional details.)

When it is not possible to turn in all funds to a disbursing officer on the last day of the month, the ship's store officer should forward a certification along with the monthly transmittal of

[illegible]

Figure 6-3.—Ship's store officer's cashbook.

SHIPPING CONTAINER TALLY		1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50	
REQUISITION AND INVOICE/SHIPPING DOCUMENT			
1. FROM: Commanding Officer (R08154) USS VENTURE (MSO-496)		6. REQUISITION NUMBER	
2. TO: Disbursing Officer USS FRANK E. EVANS (DD-754)		7. DATE MATERIAL REQUIRED	
3. SHIP TO - MARK FOR		8. AUTHORITY OR PURPOSE Ship's Store Afloat, par. 2443-4c R08154-0031-7660	
4. APPROPRIATION SYMBOL AND SUBHEAD		9. DATE SHIPPED	
5. OBJECT CLASS		10. MODE OF SHIPMENT	
6. EXPENDITURE ACCOUNT (To)		11. BILL OF LADING NUMBER	
7. FEDERAL STOCK NUMBER, DESCRIPTION, AND CODING OF MATERIAL AND/OR SERVICES (b)		12. AIR MOVEMENT DESIGNATION OR PORT REFERENCE NO.	
8. QUANTITY REQUESTED (d)		13. CHARGEABLE ACTIVITY	
9. UNIT ISSUE (c)		14. BUREAU CONTROL NO.	
10. SUPPLY ACTION (e)		15. BUREAU CONTROL NO.	
11. TYPE OF CONTAINER (f)		16. UNIT PRICE (h)	
12. TOTAL COST (i)		17. AMOUNT	
<p>Cash deposited with disbursing officer on 31 January 199-</p> <p>Cash from sales at selling price (17X4911) Contributions and service charges (17X8723)</p>		<p>\$133.93</p> <p>18.26</p> <p>\$152.19</p>	
<p>I certify that I have received from ENS William Stanley, USN, cash in the amount of \$152.19, for the period 25-31-January 198-, which amount has been included in my statement of accountability for the period ending 31 January 198-.</p> <p><i>R.D. Miller</i> R.D. MILLER, LTJG, SC, USN Disbursing Officer USS FRANK E. EVANS (DD-754) Symbol No. B7364 31 January 198-</p>			
18. TRANSPORTATION VIA WAYS OR WAYS CHARGEABLE TO		19. SPECIAL HANDLING	
20. RECAPITULATION		21. RECEIPT	
22. TOTAL CONTAINERS		23. TOTAL WEIGHT	
24. TYPE OF CONTAINER		25. DATE	
26. CHECKED BY		27. DATE	
28. PACKED BY		29. DATE	
29. TOTAL		30. POSTED	
31. TOTAL		32. RECEIVED	
33. TOTAL		34. RECEIVED	
35. TOTAL		36. RECEIVED	
37. TOTAL		38. RECEIVED	
39. TOTAL		40. RECEIVED	
41. TOTAL		42. RECEIVED	
43. TOTAL		44. RECEIVED	
45. TOTAL		46. RECEIVED	
47. TOTAL		48. RECEIVED	
49. TOTAL		50. RECEIVED	
51. TOTAL		52. RECEIVED	
53. TOTAL		54. RECEIVED	
55. TOTAL		56. RECEIVED	
57. TOTAL		58. RECEIVED	
59. TOTAL		60. RECEIVED	
61. TOTAL		62. RECEIVED	
63. TOTAL		64. RECEIVED	
65. TOTAL		66. RECEIVED	
67. TOTAL		68. RECEIVED	
69. TOTAL		70. RECEIVED	
71. TOTAL		72. RECEIVED	
73. TOTAL		74. RECEIVED	
75. TOTAL		76. RECEIVED	
77. TOTAL		78. RECEIVED	
79. TOTAL		80. RECEIVED	
81. TOTAL		82. RECEIVED	
83. TOTAL		84. RECEIVED	
85. TOTAL		86. RECEIVED	
87. TOTAL		88. RECEIVED	
89. TOTAL		90. RECEIVED	
91. TOTAL		92. RECEIVED	
93. TOTAL		94. RECEIVED	
95. TOTAL		96. RECEIVED	
97. TOTAL		98. RECEIVED	
99. TOTAL		100. RECEIVED	

Figure 6-4.—Transfer of funds to the disbursing officer.

documents to the appropriate FAADC. The certification should be in the form shown in table 6-1 and must be signed by the ship's store officer and by members of the cash verification audit board.

Weekly, the ship's store officer must count all the cash and receipts for cash and then must check the total figure against the figure shown in the Balance On Hand column in the cashbook. After verification, the ship's store officer certifies the amount and signs in the cashbook that:

"A money count has been made. The balance on hand agrees with the cashbook figures."

(Ship's Store Officer)

At the end of the month (after the ship's store officer closes out the cashbook with this certification), the Statement of Disposition of Cash Sales and Funds Carried Forward should be prepared in an original and two copies, as shown in figure 6-5. As mentioned previously, the original and one copy is forwarded to the appropriate FAADC by certified mail with the original and one copy of each cash sale invoice for the period. The procedure for closing out the records at the end of an accounting period and submitting vouchers to the appropriate FAADC is contained in chapter 7. For further information concerning the procedures discussed above, you should consult the NAVSUP P-487.

Table 6-1.—Certification Statement

<p style="text-align: right;">_____ (Date)</p>	
<p>"I hereby certify that the sum of _____ dollars and _____ cents (\$_____), representing ship's store funds, is acutally on hand as of this date, for which I hold myself accountable to the Government of the United States."</p>	
<p>_____ (Audit Board Member)</p>	<p>_____ (Ship's Store Officer)</p>
<p>_____ (Audit Board Member)</p>	

66.45(79)

31 January 198-

USS VENTURE (MSO-496)
c/o Fleet Post Office
San Francisco, California

STATEMENT OF DISPOSITION OF CASH SALES AND FUNDS CARRIED FORWARD

Cash sales made in the ship's store aboard USS LST 906 were as follows:

A. 1. Sales of ship's store stock at retail prices _____	\$ 226.42
2. Sales from ice cream service _____	79.00
3. Bulk sales _____	10.60
4. Clothing sales _____	15.00
5. Vending machine sales _____	160.50
6. Laundry assessment _____	62.00
Total _____	<u>\$ 553.52</u>
B. 1. Turned in to disbursing officer per attached invoice _____	\$ 502.19
2. Less funds carried forward 12/31/6 _____	26.32
3. Plus funds carried forward per certificate below _____	<u>77.65</u>
Total _____	<u>\$ 553.52</u>

I hereby certify that the sum of seventy-seven dollars and sixty-five cents (\$77.65), representing ship's store funds, is actually on hand as of this date, for which I hold myself accountable to the Government of the United States.

William Theodore Stanley

WILLIAM THEODORE STANLEY
Ensign, U.S. Navy

Balance on hand verified
and found correct:

S. Handham USN
Audit Board Member

A. J. Toft USN
Audit Board Member

WHEN NO FUNDS ARE CARRIED
FORWARD A STATEMENT TO
THAT EFFECT IS REQUIRED

79.67

Figure 6-5.—Statement of disposition of cash sales and funds carried forward.

VENDING MACHINE SUPERVISION

In most ships, vending machines are a valuable asset to any ship's store operation because they generate a substantial part of the ship's store profits. The high-profit capability of vending machines makes it possible for your ship's store to sell necessity items with a low markup to the crew. At the same time, you can still obtain the profit objectives set up by the commanding officer. In the cup-type soft drink vending machine, the processing of the syrup, water, and CO₂ gas is done by the machine. In the other type of machine, the product—whether it is a canned drink, candy bar, or package of cigarettes—requires no further processing. Consequently, the machines with finished products are merely extensions of the retail store operation. You, as a leading Ship's Serviceman, will be responsible for supervising the operation of the vending machines. The areas with which you will be concerned are discussed below.

MECHANICAL PROBLEMS

Vending machines are usually not built to the standards of most shipboard equipment. The erratic movement of some ships may trigger mechanical problems in some types of vending machines. The usual abuse inflicted on the machines by irate patrons will also contribute to mechanical failure. When you are supervising the operation of vending machines, you can expect a certain amount of mechanical failure to occur.

Whenever your machines need repairing, you can procure the services you need through a commercial or Navy exchange repair service. You must use an Order for Supplies or Services/Request for Quotations (DD 1155) to procure these services. The services should be a direct charge to Ship's Store Profits, Navy (SSPN), functional account 75400.

On some ships, you may find vending machine repair parts already in stock. On the other hand, because of the variety of problems suffered by vending machines aboard ship, you may not be able to anticipate all the repair parts your machines will need. The vending machine parts your ship should carry in stock are coin changers, name labels, and bulbs. You should rely upon the repair service representative to furnish items such as springs, latches, bolts, and nuts.

Although you may have a wealth of technical talent in the personnel aboard your ship, you will have no guarantee that even one of your members

will be able to repair a broken vending machine. Some of the soda contractors for soda vending machines may be aware of your need to have trained people on hand. For this reason, some contractors will occasionally hold vending machine repair schools in various home ports. The NAVRESSO fleet assistance team in your area will announce when these schools are available. Try to schedule your Ship's Serviceman in charge of vending machines for these training sessions. Most of the repair parts representatives at the sessions will furnish a list of common items you will need.

SERVICING PROBLEMS

Servicing your vending machines will be a continuous problem. To maintain sales volume, you must keep the machines clean and supplied at all times. The frequency of refilling will depend on the number of machines you have on board and the size of the crew.

Besides keeping the machines supplied, you must see that certain cleanliness standards are maintained. For example, if you happen to have a cup-type vending machine as part of your ship's store operation, you should warn the operator to be careful when the machine is being filled. Any syrup that is spilled in the process will soon attract insects. Daily cleaning of the cup-drop will keep insects away and will help you to maintain an attractive and sanitary appearance for your customers. When the ship is underway, you may notice a slight spilling when the drinks are dispensed. Do not worry about this. This type of spillage is normal aboard ship and will drain into a container on the bottom of the machine.

VENDING MACHINE COST CONTROLS

If you are the appointed collection agent or if you are supervising the overall operation of vending machines aboard your ship, you must oversee the collection of cash from vending machine sales. The cash collection procedures for vending machine sales are similar to those used for the retail store. However, you must record all cash from vending machine sales separately from sales made in the retail store and from those made in the fountain. The information below will provide you with some general guidelines. You should always consult the NAVSUP P-487 for details on the currently recommended cost control procedures you must follow in the supervision of vending machine operations.

When your ship is at sea, you should collect the cash from your vending machines daily and immediately before any repairs to the coin mechanism are made. When your ship is in port, collect the cash from vending machines daily, Monday through Friday, and before you have any repairs made to the coin mechanisms. On weekends and holidays, collect cash from your vending machine if you expect the volume to exceed \$150. Cash must be counted from the vending machines and collected whenever the last day of the accounting period falls on a weekend or a holiday or whenever any repairs to the coin mechanisms must be made. Remember, daily collections will satisfy all collection requirements.

Once every month you must check the efficiency of your vending machine operation by using the Vending Machine Control (NAVSUP 236). (You will use this record primarily as an internal shipboard analysis tool. You will not submit it to any activity outside your own ship.) Retain the Vending Machine Control data with the other records for the accounting period. Refer to figures 6-6 and 6-7 as you read the information below on the preparation of the NAVSUP 236.

Cup-type Drink Vending Machine

Currently, there are very few cup-type vending machines in use on U.S. Navy ships. However, if your ship's store operation should include a cup-type machine, you must understand the necessary accounting procedures associated with its use.

In preparing the Vending Machine Control for cup-type drink machines, you must first take an inventory of vending machine supplies. See figure 6-6. In a combined operation, you will simply take the inventory figure from the NAVSUP 464 that represents the actual inventory. In a separate operation, the inventory will include only the supplies in each machine as breakouts will have already been documented on a NAVSUP 973. After the inventory, you can prepare the syrup recapitulation section of the NAVSUP 236. In either type of operation, by recording the opening inventories, then adding receipts, then deducting surveys, other expenditures, and closing inventories, you can determine the quantities of syrup and cups that have been used.

The second section of the report you must prepare is the output recapitulation. This is the section that provides you with an analysis of the vending machine operation so you can locate any malfunction or malpractice. For example, each

gallon of syrup for a cup-type machine contains 128 ounces. However, when the operator fills the machine or changes a flavor, there is a small amount of spillage and loss. In determining the number of drinks that should have been sold based on the quantity of syrup used, multiply the number of gallons used by 115—an acceptable average figure for the number of drinks left after spillage and waste. (The drinks contain 1 ounce of syrup and 5 ounces of carbonated water.) Then deduct the number of drinks for which no cash was received (test drinks, slugs, and refunds) to obtain the adjusted number of drinks per gallon of syrup. Multiply the adjusted number of drinks by the current price per drink. (The current price per drink may vary from ship to ship. In fig. 6-6, a price of \$.05 is used as the example.) Your next step is to determine the adjusted drinks per meter. You can obtain this figure by deducting the beginning meter reading from the ending meter reading and subtracting the number of no-cash drinks. Now multiply the adjusted figure by the current price per drink. (In fig. 6-6, the current price is \$.05.) Finally, record the amount of cash actually collected from sales. You now have three dollar values to compare. However, these three values will seldom agree. You can usually consider the value of drinks per gallon of syrup to be the least accurate of the three. The best indication of what sales should have been will probably come from the meter reading, since there are few chances of the meter being faulty. The cash you have collected should also tell you how many drinks were sold. However, the cash collected figure can be wrong if the changer has malfunctioned. (For example, the machine may have supplied a drink to a patron and all the money back that the patron paid for the drink. Or another patron may have received a drink but only part of the correct change due back from the price of the drink.) You can also compare the number of cups used with the number of drinks per gallon of syrup and drinks per meter. You should be able to analyze these items, determine what the problem is, and then decide on the possible causes and solutions.

The third section of the NAVSUP 236 is the cost and profit statement. First, determine the cost of the syrup, cups, and CO₂ gas used. This total is the cost of vending machine sales and will be recorded on line S of the NAVSUP 236. This figure will also be recorded in the Cost of Operation column of the NAVSUP 235. Next, compute the cost of vending machine operations which is the value of all repair parts used. This amount

VENDING MACHINE CONTROL					MONTH ENDING		
NAV. 5. AND A. FORM 236 (REV. 7-59)					31 JAN 19--		
SHIP OR STATION			MACHINE NO.		LOCATION		
ENTER NAME AND HULL NO. OF SHIP			2		ENTER LOCATION		
SYRUP RECAPITULATION: (in Gallons)	FLAVORS		Coca Cola	Pepsi Cola	7 Up	Orange	CUPS
	A. OPENING INVENTORY (closing inv. last month)		3	4	1	5	300
	B. RECEIPTS DURING MONTH		48	38	42	30	17,100
	C. TOTAL		51	42	43	35	17,400
	D. LESS SURVEYS AND OTHER EXPENDITURES		-	4	3	-	-
	E. LESS CLOSING INVENTORY		5	4	5	2	400
	F. TOTAL GALLONS USED		46	34	35	33	
	G. GRAND TOTAL						GALLONS 148
OUTPUT RECAPITULATION	H. TOTAL DRINKS (drinks per gal. 115 x 148 gal. used)		17,020				
	I. LESS TEST DRINKS, SLUGS AND REFUNDS		12				
	J. ADJUSTED DRINKS PER GALLON		17,008		.10	1,700.80	
	K. TOTAL DRINKS PER METER (current reading minus last month's reading)		17,000				
	L. LESS TEST DRINKS, SLUGS AND REFUNDS		12				
	M. ADJUSTED DRINKS PER METER (K minus L)		16,988		.10	1,698.80	
	N. CASH COLLECTIONS PER CASHBOOK					1,698.60	
	O. DIFFERENCE (N minus M)					- .20	
COST AND PROFIT STATEMENT	SYRUP COST				ACTUAL CASH COLLECTION		INCLUDE CO ₂ UNDER COST OF SALES
	FLAVOR	GALS	COST PER GAL	TOTAL	SYRUP AND CO ₂		
	Coca Cola	46	2.65	121.90	CUPS	17,008	153.17
	Pepsi Cola	34	3.00	102.00	R. COST OF VENDING MACHINE SALES		576.36
	Seven Up	35	3.00	105.00	S. COST OF VENDING MACHINE OPERATIONS		89.00
	Orange	33	2.63	86.79	T. TOTAL COSTS		665.36
	CO ₂	150	.05	7.50	U. NET PROFIT (LINE Q MINUS LINE T)		1033.24
	P. TOTAL SYRUP COST				423.19		
	Q. TOTAL SALES				1,698.60		
	R. TOTAL PROFIT				1,698.60		
PREPARED BY		DATE		SIGNATURE			
C. Harris SH1		31 JAN 19--		J. C. Lang, ENS. SC, USNR			
				PROFIT % LINE U ÷ LINE Q = 61%			

Figure 6-6.—Vending machine cost control (cup-type drinks).

79.68

OPENING AND CLOSING INVENTORY:
SEPARATE RESPONSIBILITY: INCLUDE CANS IN VENDING MACHINE ONLY
COMBINED RESPONSIBILITY: INCLUDE CANS IN VENDING MACHINE AND
BULK STOREROOM

VENDING MACHINE CONTROL
NAV. S. AND A. FORM 236 (REV. 7-59)

31 JAN 19--

SHIP OR STATION		MACHINE NO.		LOCATION	
ENTER NAME AND HULL NO. OF SHIP		1		ENTER LOCATION	
FLAVORS		Coca-Cola	Pepsi-Cola	7UP	Orange
SYRUP RECAPITULATION: (in gallons)	A. OPENING INVENTORY (closing inv. last month)	103	104	101	105
	B. RECEIPTS DURING MONTH	481	381	421	130
	C. TOTAL	584	485	522	235
	D. LESS SURVEYS AND OTHER EXPENDITURES	-	4	3	-
	E. LESS CLOSING INVENTORY	154	142	51	2
	F. TOTAL CANS SOLD	430	339	468	233
	G. GRAND TOTAL				

CANS
1470

OUTPUT RECAPITULATION	H.		
	I.		
	J.		
	K. TOTAL CANS (FROM LINE G)	1470	
	L. LESS SLUGS AND REFUNDS	0	
	M. ADJUSTED CANS	1470	.35 514.50
	N. CASH COLLECTIONS PER CASHBOOK		515.30
O. DIFFERENCE (M MINUS N)		.80	

SELLING PRICE AS SHOWN
ON NAVSUP FORM 464

CAN COST				O. ACTUAL CASH COLLECTIONS		515.30
FLAVOR	CANS SOLD (LINE F)	COST PER CAN	AMOUNT	SYRUP REPORT AS COST OF SALES ON NAVSUP FORM 978 AND INCLUDE ON LINE B25 OF NAVCOMPT FORM 153		
Coca-Cola	430	.21	90.30	R. COST OF CANS SOLD (FROM LINE P) 322.49		
Pepsi-Cola	339	.23	77.97	MISCELLANEOUS		
Seven Up	468	.22	102.96	S. COST OF VENDING MACHINE OPERATIONS (REPAIR PARTS)		
Orange	233	.22	51.26	T. TOTAL COST (LINE R PLUS S) 322.49		
CURRENT COST PRICE AS SHOWN ON NAVSUP FORM 464				U. NET PROFIT (LINE Q MINUS LINE T) 192.81		
P. TOTAL CAN COST 322.49						

PREPARED BY	DATE	S. UNATTENDED VENDING OPERATIONS
C. Harris SH1	31 JAN 19--	J. O'Leary, ENS. SC. USNR
PROFIT % LINE U ÷ LINE Q = 37%		3ND-P&PO 8487

Figure 6-7.—Vending machine cost control (can-type drinks).

should be recorded on line R of the NAVSUP 236. Deducting these costs from the money received as sales will show you the value of net profit. There is no expected percentage of net profit to sales, since the cost of repair parts can be too variable. However, the gross profit (sales less cost of sales) should be about 60 percent. If gross profit is less than (or more than) this percentage, you can probably determine the cause from the output recapitulation section of the NAVSUP 236.

You must record all receipts and expenditures for cup-type machines in the Vending Machines column of the NAVSUP 235 at cost price. At the end of the accounting period, the inventory at cost price should be posted to the Expenditures column. Sales, as represented by your cash collections, should also be posted to the Expenditures column. The difference between the Receipts column and the Expenditures column of the Vending Machines column will represent gross profit or loss. Report all cash received from cup-type drink vending machine sales on line C03 of the NAVCOMPT 153.

Can-type Drink Vending Machines

Just as for the cup-type drink machines, you must also prepare a Vending Machine Control (NAVSUP 236) for each can-type drink vending machine you are operating. Refer to figure 6-7 as you read the information below on how to use the NAVSUP 236 for cost control analysis.

Your beginning inventory will be the number of cans in each machine plus the backup stocks held by the vending machine custodian. If the vending machine custodian and storeroom custodian are separate persons, make sure a daily record is maintained on all cans that were placed in each vending machine. You can use a locally prepared form for this record. Just place the form inside the door of each machine and make sure all entries are made in ink and can be read. At the end of the month, you will use this information for preparing the NAVSUP 236. The number of cans placed in each machine will be recapitulated on the NAVSUP 973.

If the vending machine custodian and the storeroom custodian are the same person, you will still need a daily log if you have more than one vending machine. In fact, you will need a log for each machine. At the end of each month, you should prepare the NAVSUP 236 from data on the NAVSUP 464, the NAVSUP 469, or the NAVSUP 470.

In either type of operation (separate or combined), your beginning inventory plus your receipts minus your surveys, expenditures, and ending inventory will equal the number of cans you have sold.

In completing the Profit and Loss section of the NAVSUP 236, you must compute your cost of sales. Add the dollar amounts that you have reported on line R of each NAVSUP 236. You now have the total cost of sales you must report on the NAVSUP 978 at the end of the accounting period.

For accountability purposes, you must consider all can-type drinks sold through vending machines as retail items. For this reason, you must take up the can-type sodas on a separate Canned Drink Vending Machine column of the NAVSUP 235 at retail price. (However, Cost of Operation items, such as minor repair parts, springs, fuses, and like items should be recorded at cost price in the Cost of Operations column of the NAVSUP 235.) At the end of the accounting period, the difference in money value necessary for the Receipts and Expenditures columns to be in agreement will represent the difference between cash received and sales per inventory. You should report the cash received figure on line C03 of the NAVCOMPT 153.

Other Types of Vending Machines

If you are supervising the operation of vending machines that sell candy, cigarettes, cookies, gum, potato chips, crackers, and other like items, you should consider these items as retail merchandise. You must account for and control sales of these items just as you would the sales from any other retail outlet of the ship's store.

Use a separate Vending Machine Retail Price column of the NAVSUP 235 to document the control of these sales. The difference in money value needed to bring the Receipts and Expenditures columns into agreement will represent the difference between cash received and sales per inventory. Report all the cash you have received from these vending machine sales on line C03 of your NAVCOMPT 153. Remember to report this figure separately from the figures representing your can-type and cup-type drink vending machine sales.

Meter Readings

Whenever possible, try to have meters installed in every vending machine under your control. Meter readings will help you to monitor the efficiency of each of your machines. You can often determine whether or not a machine is functioning properly just by checking the meter readings. Make certain a meter reading is taken each time cash is collected from a machine. Maintain meter readings on the NAVSUP 469 in the Number of Customers column.

If coin meters are not available for your vending machines, you should balance each machine immediately after cash is collected from the machine. To balance the machine, make the following entries in any unused column of the NAVSUP 469:

1. Total quantity (in units) at beginning of period, PLUS
2. Receipts (in units) into the machine daily, MINUS
3. Quantity (in units) in the machine at the time the cash is collected

The resulting figure should represent the number of units sold (or otherwise expended). Multiply the units sold by the selling price to obtain the total cash value. This figure should agree with your cash collection figure.

Electronic Amusement Machines

If you wish to operate electronic amusement machines as part of the ship's store, you must contact NAVRESSO. The Navy Resale and Services Support Office has been designated as the control point for the procurement of electronic amusement machines. Amusement machines are procured on a lease basis through contracts negotiated by NAVRESSO. Electronic amusement machines installed on U.S. Navy ships must be operated as part of the ship's store. Of course, all electronic amusement machines you procure through NAVRESSO must be compatible with the electrical and electronic systems of your ship. The procedures you must follow to acquire and operate electronic amusement machines on your ship are discussed in greater detail in the NAVSUP P-487.

Once your machines are in place, you must establish cash control and security procedures. You must use keyless padlocks (or key-type padlocks, stock number 5340-00-682-1508) to secure coin boxes inside your amusement machines. You must also have installed on each

coin box a restraining bar that locks in front of the coin box door.

When your ship is at sea, cash from your amusement machines must be counted and collected daily and before any repairs to the coin mechanisms are made. When your ship is in port, cash must be counted and collected daily (Monday through Friday) and whenever any repairs to the coin mechanism will be made. When your ship is in port on weekends and holidays, cash should be counted and collected if the volume of electronic amusement machine business exceeds \$150 or if prior repairs to the coin mechanism are going to be made. Cash must also be counted and collected when the last business day of the accounting period falls on a weekend or a holiday. In all circumstances, daily collections will satisfy all the cash collection requirements in your NAVSUP P-487 for the supervision of electronic amusement machines.

You must ensure that the cash collected is recorded properly on a NAVSUP 470. Each machine should be identified on a separate page of the NAVSUP 470. Make certain cash receipts for a certain machine are recorded on the page of the NAVSUP 470 that is used for that particular machine. The person who is responsible for operating the machines should retain custody of the NAVSUP 470.

Meter readings will also help you to determine your total cash receipts as well as how efficiently the machine is functioning. The meter reading should be taken each time cash is collected. Record meter readings in the appropriate column on the NAVSUP 469. If you have a difference in money value of \$5 or more between the cash collected and the meter reading, refer the discrepancy to the ship's store officer.

You must make certain the total amount of your collections is deposited with the disbursing officer after each collection according to the procedures outlined in your NAVSUP P-487. (If for some reason cash cannot be deposited with the disbursing officer, the total cash collected must be retained in the cash collection agent's safe.) Upon preparation of the Memorandum Cash Sale Invoice for Deposit of Cash with Disbursing Officer, the DD Form 1149 must include the total amount of collections from electronic amusement machines as a contribution to Ship's Store Profits, 178723. At the end of each month, a check should be requested from the disbursing officer as a charge to 178723.2301, SSPN, transaction type 21, functional account 75400, in an amount equal to the contractor's share of the

cash collected from the amusement machines. This amount should be reported on line C18 of NAVCOMPT 153 at the end of the accounting period.

Dollar Bill Changers

After the installation of a dollar bill changer has been approved by the type commander, you must see that these procedures are followed:

1. The dollar bill changer must be installed in a high-traffic area that is well lighted.
2. As an additional security measure, the machine must be safeguarded with a wire mesh screen or a lockable restraining bar across the coin box area.
3. A separate change fund must be established for the changer according to procedures set forth in the NAVSUP P-487.
4. The person who has been designated to pick up ship's store sales will be responsible for the machine. This machine will be emptied and refilled as frequently as necessary and at the close of each business day.
5. A separate sheet in the NAVSUP 470 (or the NAVSUP 469, whichever is recommended) must be used so the designated person can record all transactions to validate the accuracy of the change fund each time the machine is opened or refilled. Overages and shortages in this machine must be shown in the NAVSUP 470 (or the NAVSUP 469) and must be initialed by the ship's store officer.

FOUNTAIN OR SNACK BAR SUPERVISION

Although considered a ship's store activity, the fountain is a resale outlet. The fountain operation will vary from one ship to another. Some ships may not have a fountain area at all. Aboard other ships, an operation may include only the serving of soft ice cream, while a larger fountain operation may include sundaes, shakes, sodas, and a variety of food items. Some ships include in their fountain a two- or three-flavor soda fountain that dispenses beverages. When you are determining what size of operation to have, you should keep in mind that the fountain's primary objective should be to serve the maximum number of personnel.

COST CONTROLS

Control of the fountain operation will be somewhat more difficult than control of the

vending machines or the retail store. You, as the supervising Ship's Serviceman, should be thoroughly familiar with the procedures. Make certain cash collections and change funds are handled in the same manner and with the same care as they are for the retail store or for the vending machines. Prices must pay for the cost of all materials used, such as ice cream mix, cups, spoons, and topping. The fountain activity must also produce a consistent profit. An operational goal (gross profit percentage) should be established by the ship's store officer and should not be changed within an accounting period. The NAVSUP P-487 states that the desired operating goal for ice cream in a fountain operation is to achieve a gross profit of 35 percent. It also describes a recommended method that will produce a consistent profit. The method provides the answers to the questions that must be asked so a fountain profit can be determined. For example, how much ice cream is one unit of ice cream mix producing? There is a form available for recording how much ice cream is produced from a can of mix—the Production Record (NAVSUP 241).

Since the price you charge for each item must pay for all ingredients and yield a profit, the next question you should ask is, "What is the cost of each item that is sold?" To determine this cost of sales figure, add up the cost of the mix, cup, spoon, and topping per dish of ice cream to get a total cost to compare with the price on an Item Cost Card (NAVSUP 240). The NAVSUP P-487 provides charts that will help you to predict the unit cost for various size dishes of ice cream. The NAVSUP P-487 also provides a breakdown of costs for other items commonly sold in the fountain operation.

Finally, you must prepare a financial report for the fountain operation as a whole. You should prepare this report either daily or weekly on the Fountain Cost Control (NAVSUP 239). Prepare another NAVSUP 239 at the end of the month to report the cumulative fountain operations for the preceding month.

The different parts of the Fountain Cost Control (NAVSUP 239) are shown in figures 6-8 and 6-9 and are briefly described below.

Part I provides for a determination of sales and cost of sales both for the period since the form was last prepared and for the accounting period to date.

Part II provides for an analysis, in total amount only, of transfers to the categories of

FOUNTAIN COST CONTROL
NAV. S. AND A. FORM 239 (2-54)

SHIP <u>USS FARGO (CL-106)</u>	DATE <u>29 Feb. 198-</u>	ESTABLISHED GROSS PROFIT OPERATING GOAL <u>35 %</u>
-----------------------------------	-----------------------------	--

PART I

LINE	ITEM	TODAY	TO DATE	GROSS TO DATE
	<u>USS FARGO (CL-106)</u>			
1	INVENTORY (BEGINNING)		369.26	
2	TRANSFERS TO FOUNTAIN	100.00	100.00	
3	TOTAL (1+2)	100.00	469.26	
4	TRANSFERS OUT	—	3.00	
5	TOTAL COST (3-4)	100.00	466.26	
6	SALES	24.70	214.29	
7	GROSS (6-5) (CIRCLE IF LOSS)	75.30	251.97	251.97
8	INVENTORY (ENDING)			329.97
9	GROSS PROFIT FOR MONTH (7+8)			78.00 36%

FOR DAILY APPROXIMATION OF ACCUMULATED GROSS PROFIT USE AN ESTIMATED INVENTORY ON HAND.

PART II

STUB NO.	MILK	ICE CREAM		TOPPINGS	SYRUPS	PAPER SUPPLIES			TRANSFERS IN	TRANSFERS OUT
		VANILLA AND CHOCOLATE	OTHER							
BROUGHT FORWARD	53.12	148.75	51.45	69.50	37.10	9.34			369.26	3.00
151	23.95								23.95	
152		31.90							31.90	
153				14.75					14.75	
154					19.10				19.10	
155						10.30			10.30	

TRANSFERS TODAY	23.95	31.90		14.75	19.10	10.30			100.00	
TRANSFERS MONTH TO DATE	77.07	180.65	51.45	84.25	56.20	19.64			469.26	3.00

10-70127-1

79.12

Figure 6-8.—Fountain cost control (front).

PART III—MARKUP INFORMATION			
ITEM	SIZE OF SCOOP OR PORTION	COST PER SERVING	SELLING PRICE
ICE CREAM CONE	#24 Scoop	0.3256	.05
ICE CREAM DIXIE	4 oz cup	.0601	.10
ICE CREAM WITH ONE SCOOP	#24 Scoop	.0331	.05
ICE CREAM WITH TWO SCOOPS	#24 Scoop	.0612	.10
SUNDAES, PLAIN	#24 Scoop	.0980	.15
MALT DRINKS WITH ONE SCOOP			
MALT DRINKS WITH TWO SCOOPS			
MILK SHAKES WITH ONE SCOOP			
MILK SHAKES WITH TWO SCOOPS	#24 Scoop	.0978	.15
ICE CREAM SODA WITH ONE SCOOP			
ICE CREAM SODA WITH TWO SCOOPS	#24 Scoop	.0965	.15
SOFT DRINKS			
Milk, Whole	10 oz	.065	.10

PART IV—COST PRICE INFORMATION					
ITEM	UNIT OF ISSUE	UNIT COST	ITEM	UNIT OF ISSUE	UNIT COST
MILK, WHOLE	QT	.21	ICE CREAM FLAVOR, STRAWBERRY		
MILK, POWDERED			ICE CREAM FLAVOR, VANILLA		
ICE CREAM, FINISHED	GL	1.25	Cups, paper, DIXIE	M	5.10
ICE CREAM, POWDER OR PASTE			Cups, SUNDAE	M	4.90
CONES	M	4.46	Cups, Soda	M	6.20
TOPPING, CHOCOLATE	GL	2.40			
TOPPING, STRAWBERRY	GL	2.45			
TOPPING, CHERRY	GL	2.45			
TOPPING, BUTTERSCOTCH	GL	2.40			
SYRUP, CHOCOLATE	GL	2.40			
SYRUP, COCA COLA					
SYRUP, ROOT BEER					
SYRUP, LEMON AND LIME					
SYRUP, STRAWBERRY					
SYRUP, VANILLA					
MALT POWDER					
ICE CREAM FLAVOR, CHOCOLATE					

Figure 6-9.—Fountain cost control (back).

79.12.1

items and transfers out of the categories of items.

Part III provides for each line item the cost price per serving and the selling price. Part III also provides markup information for all items manufactured and sold from the fountain.

Part IV provides cost price information of bulk items used in the manufacture of fountain resale items.

If your profits are deviating from the operating goal for the fountain, you should analyze Part II of this form along with the information on the NAVSUP 240. The items listed below are the usual reasons profits are lost:

1. Incorrect portion quantities
2. Incorrect selling prices
3. Waste
4. Overdispensing
5. Incorrect cash collections
6. Food consumption by fountain operators
7. Food spoilage resulting from incorrect buying, overstocked products, inadequate refrigeration, and carelessness
8. Carelessness in the checking procedures for merchandise received

Besides ice cream products, you can sell retail items, such as candy and cookies, in the fountain. If there is a special cash register or a separate key on the fountain register available for ringing up the sale of these items, you should have no problem in selling them. Record the retail sales of these items in a separate column on the Financial Control Record (NAVSUP 235).

To force the sales figure for the fountain or snack bar operation, you must apply the following equation:

Beginning value of inventory of retail items	
PLUS	
Value of receipts by breakout of retail items	
EQUALS	
Total value of receipts of retail items	
MINUS	
Value of other expenditures by transfers of retail items (surveys, etc.)	
EQUALS	
Total value of retail accountability	
MINUS	
Ending value of inventory of retail items	
EQUALS	
Total value of sales of retail items	

The total value of sales of retail items subtracted from the total value of the sales from the fountain or snack bar operation will provide the total value of fountain sales. It is this value that should be posted to the NAVSUP 239. The value of sales of retail items must be computed monthly and then posted to the appropriate column of the NAVSUP 235. The value of sales of retail items will not be included on the NAVSUP 239. Procedures for multiple operators are covered in detail in your NAVSUP P-487.

For further details concerning the fountain operation, consult the NAVSUP P-487. In this publication, you should also review the sanitation rules which you must strictly enforce. A brief summary of your supervisory responsibilities in the area of sanitation is provided below.

SANITATION

As a supervisor of the fountain operation, you will be vested with the responsibility of protecting the health and morale of shipboard personnel. Unless you are constantly aware of this duty, you will soon discover how rapidly food products can become a real source of trouble to you and to the people you are serving.

First of all, you must make certain all medical department and other official rules and guidelines are being followed. In fact, before you ever assign a member to work in the fountain area, the member must report to the medical officer for a physical examination. Also, you can expect a daily visit from a medical department representative. The representative will inspect your fountain operation to ensure that all sanitation procedures are being carefully followed. The following rules govern activities within the fountain operation. Make sure these rules are posted in the fountain area in a place where they can be easily seen and read.

1. The fountain attendants will be considered as foodservice workers and the standards for health and personal hygiene will apply to them.

2. Food offered for sale will be inspected periodically by a member of the medical department to safeguard the health of personnel.

3. Syrup containers must be maintained in a state of cleanliness both externally and internally; caking or drying must not be allowed to occur.

4. Only paper or plastic cups and plates will be used in dispensing soda, soft drinks of any kind, and ice cream. Only disposable spoons will be used for ice cream or ice cream sodas.

5. All utensils used for dispensing ice cream and other frozen desserts will be kept either in running water or in water maintained at 180°F between each serving.

6. All equipment and utensils used in the manufacture of ice cream and frozen desserts will be cleaned thoroughly, rinsed with clean water, and disinfected just before use with a chlorine solution containing not less than 50 ppm of chlorine. The interior of the machine or interior parts that come in contact with the mixes will not be touched with the hands after reassembly and disinfection until the machine is ready for disassembly and cleaning again.

7. All foods will be kept under secure covers to prevent excessive handling and dust or insect access.

8. Refrigerators will be kept clean at all times. No spilled ice cream or syrup should remain on the bulkheads or deck of the boxes for more than a few minutes.

If you always insist upon strict adherence to official health regulations, you will most likely avoid many sanitation pit falls later on. Also, there are certain commonsense steps you can take.

Your first concern, of course, should be to keep everything clean. However, in spite of all preventive measures, roaches can survive anywhere. You can safely assume that they are also surviving somewhere on your ship. Because of the types of food products used, the fountain areas will always be your biggest trouble spot. For this reason, you must make certain the fountain area is kept clean at all times. Open syrup cans, drippings from ice cream, and open packages of cookies and crackers will attract every insect in the area. Instill in your operators that the entire fountain area should be kept clean during hours of operation and must be scrupulously cleaned before the area is secured for the night. Insist that your operators throw away all open packages and that they wipe every surface clean (including jars and cans) before the area is secured.

SAFETY PRECAUTIONS

Finally, you should always be on the alert to ensure that general safety precautions are being followed by your personnel. Any questionable procedures should be brought to the attention of the ship's store officer. Your ship will have a safety officer. One of this person's responsibilities is to hold regular inspections of all division spaces for safety infractions. These inspections will help you to keep abreast of your divisional safety responsibilities. NAVRESSO publishes bulletins that also carry other safety precautions that you should enforce in your ship's store operations.

During your regular workday, you should always stress safety as a first item in all training programs. On board ship, there are usually safety classes held every week for all training petty officers. The safety information you acquire should always be passed along to crew members during regular division training or during quarters.

As you supervise the operation of a ship's store, try to keep in mind the primary reasons for which your ship's store exists. First of all, you are providing a convenient location where customers can purchase health, comfort, or convenience articles. You are also providing your customers with certain services that will make a difference in their daily lives. The profits generated by your ship's store will be turned into other services for crew members in terms of recreation and welfare opportunities. However, you are providing much more to the personnel of your ship than just goods and services. The most important benefit your ship's store can offer will be the most difficult to measure and the most complicated to supply. This benefit is called morale and it evolves as a result of good customer service. Providing good customer service is the goal to which all the information in this chapter has been directed.